

From: "Rita Vandergaw" <rvanderg@portofsandiego.org>
To: <secretary@fmc.gov>
Date: Fri, May 23, 2003 5:33 PM
Subject: FMC Dkt 02-15 (Pass. Vessel Fncl Respons. NPRM) - Port of San Diego Comments

Please see attached letter regarding FMC Docket 02-15 - Comments on Proposed Rulemaking from the Port of San Diego.

Sincerely,

Rita A. Vandergaw

=====Unified Port of San Diego

Serving the region since 1963 as an

- * economic engine
- * environmental steward
- * community service provider

=====



PORT OF SAN DIEGO

Post Office Box 120488, San Diego, California 92112-0488

May 20, 2003

Bryant L. VanBrakle, Secretary
Federal Maritime Commission
800 North Capitol Street, N.W. – Room 1046
Washington, DC 20573-0001

SUBJECT: FMC Dkt 02-15, Comments on Proposed Rulemaking.

Dear Sirs:

The proposed elimination of the UPR coverage ceiling and required coverage of all UPR could change the entire economics of the cruise industry, and impose a huge new economic burden on the cruise industry that may ultimately result in lost economic opportunity and growth for American ports and their local communities.

This new proposed rulemaking could have an extremely negative impact on the Port of San Diego and our ability to bring in more cruise business. The cruise industry currently contributes some \$248 million annually to the San Diego region. As a secondary port, we are working very hard to grow San Diego's cruise business.

However, the huge demand that the proposed increased coverage requirement would place on the cruise lines' capital will adversely impact the ability of many of these lines to continue investing in new vessels and to expand their operations. This could adversely impact competition, and would limit consumer choices. In addition, because of our geographic location, we face nearby competition from ports in Mexico. We are particularly concerned that the additional costs on departures from U.S. ports implicit in the proposed rule could adversely impact homeporting decisions and cause us to lose business to foreign ports.

We ask the FMC to move forward cautiously, and to consider very carefully all of the serious potential implications of the proposed rule before changing the FMC's long-standing policy capping the coverage liability of the larger, more financially responsible cruise lines. Most of these companies are publicly held, and subject to regular public financial disclosure. Given the level of their investment in

Mr. Bryant L. VanBrakle, Secretary
Federal Maritime Commission
May 20, 2003
Page 2

modern new cruise ships and their brand name value, it is unlikely that these companies would be allowed to fail to honor their performance obligations.

Moreover, many, if not most, cruise industry customers today pay by credit card, and have coverage through their credit cards for refunds should a cruise line default. We understand that cruise line customers also have the option of obtaining third-party insurance that includes coverage against cruise line failure. Under such circumstances, the proposed rule appears to go too far, and impose substantial costs on the cruise industry, and ultimately the consumer, with no corresponding benefit.

We thank you for your consideration, and we urge that you do not adopt the proposed rule.

Sincerely,

A handwritten signature in black ink, reading "Rita Vandergaw". The signature is fluid and cursive, with the first name "Rita" and last name "Vandergaw" clearly distinguishable.

Rita A. Vandergaw
Senior Director, Marketing & Communications

RAV/sma:35320